

**Schedule 5(f)**

**Ambac Election Notice**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, THE  
EMPLOYEES RETIREMENT SYSTEM OF THE  
GOVERNMENT OF THE COMMONWEALTH OF  
PUERTO RICO, AND THE PUERTO RICO PUBLIC  
BUILDINGS AUTHORITY,

Debtors.<sup>1</sup>

PROMESA  
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**NOTICE OF AMBAC ELECTION**

This Ambac Election Notice (the “**Notice**”) is being sent to beneficial holders of securities giving rise to claims under Classes 4, 19, and 26 of the *Seventh Amended Title III Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* (as the same may be updated, supplemented, amended and/or otherwise modified from time to time, the “**Plan**”) to inform such holders that, pursuant to Section 75.5(e) of the Plan, Ambac Assurance Corporation (“**Ambac**”) has the right to cast the vote on account of Claims arising from Ambac Insured Bonds to accept or reject the Plan.<sup>2</sup>

Although Ambac has the right to cast the vote on account of Claims arising from Ambac Insured Bonds to accept or reject the Plan, the holders of the Ambac Insured Bonds identified on Exhibit A have the option to elect to receive on the Effective Date, or as soon as reasonably practicable thereafter, in full consideration, satisfaction, release, and exchange of such holder’s claims:

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> Unless otherwise defined herein, each capitalized term used herein shall have the meaning ascribed to it in the Plan.

**Ambac Commutation Treatment (Option 1):** On the Effective Date, or as soon as reasonably practicable thereafter, you will receive the Ambac Commutation Consideration, distributable by or at the direction of Ambac, and, if elected, (i) you will have no other or further rights under or with respect to the applicable Ambac Insurance Policy or any Ambac Trust(s) or Ambac Escrow Account(s), and (ii) Ambac shall receive the Ambac Plan Consideration that otherwise would be allocable or distributable to you.

A holder of an Allowed Ambac Insured Bond Claim that validly elects to receive the Ambac Commutation Treatment, or makes an improper election, shall be deemed to have had, on or after Effective Date, the applicable Ambac Insured Bonds, including the obligations of Ambac under the related Ambac Insurance Policies, underlying such holder's Allowed Ambac Insured Bond Claims cancelled.

**Ambac Non-Commutation Treatment (Option 2):** You will receive the Ambac Non-Commutation Treatment, and will receive one or more of the following treatments, at Ambac's election, which election shall be exercised by Ambac not later than twenty-one (21) days prior to the Voting Deadline:

1. **Custodial Trusts:** Such holder of an Allowed Ambac Insured Bond Claim shall (A) deposit, or be deemed to have deposited, among other things, such holder's Pro Rata Share of the Ambac Plan Consideration and the Ambac Insured Bonds allocable to such electing holder into the applicable Ambac Trust(s), (B) be deemed to have received its Pro Rata Share of the Ambac Plan Consideration and Ambac Certificates in consideration therefor, and (C) have no recourse to Ambac or the Ambac Insurance Policies other than as provided for under the terms of the Ambac Trust(s). The terms of the Ambac Trust(s) shall be set forth in a trust agreement or trust agreements which shall be filed as part of the Plan Supplement, but shall include the following terms, without limitation: (i) Ambac shall not insure any payments on the Ambac Certificates, shall not be required to pay any default or other interest amounts with respect to the Ambac Insured Bonds, and is only required to pay its obligations under the applicable Ambac Insurance Policy as provided therein and in the agreement governing the Ambac Trust(s); (ii) Ambac shall be deemed the sole holder of the Ambac Insured Bonds in the Ambac Trust(s) with respect to voting, amendment, acceleration, events of default, and election and direction of rights and remedies, including, without limitation, in connection with insolvency proceedings; and (iii) the agreement governing the Ambac Trust(s) will provide that (a) all rights of a holder of Ambac Insured Bonds held by the Ambac Trust(s) (whether as to amendments and consents, direction of remedies or otherwise) shall be exercisable solely by Ambac and no holder of the Ambac Certificates shall be entitled to any right with respect to the Ambac Insured Bonds (other than as otherwise described in the Ambac Trust(s)), and (b) Ambac may, at its option, elect to direct a distribution of a proportional percentage of the underlying Ambac Insured Bonds to individual holders of Ambac Certificates upon the release of such holder's claims on the related Ambac Insurance Policy and against the Ambac Trust(s); such distribution and release shall not give rise to any other holder of Ambac Certificates asserting a right to receive the same treatment.

2. Escrow: Such holder of an Allowed Ambac Insured Bond Claim shall deposit, or be deemed to have deposited, among other things, such holder's Pro Rata Share of the Ambac Plan Consideration in the applicable Ambac Escrow Account(s) and such deposited Ambac Plan Consideration shall be held as security for Ambac's obligations to the holders of the Ambac Insured Bonds whose Ambac Plan Consideration was deposited in the applicable Ambac Escrow Account(s) under the Ambac Insurance Policies.
3. Payment of Accelerated Amounts: Ambac shall receive the Ambac Plan Consideration that would be otherwise allocable to such holder of an Allowed Ambac Insured Bond Claim and Ambac shall fully and completely discharge its obligation to such holder of an Allowed Ambac Insured Bond Claim by paying on the Effective Date, in Cash, the amount thereof at the Ambac Acceleration Price.
4. Alternative Treatment: The Oversight Board and Ambac reserve the right to formulate an alternative election or implementation option with respect to the Ambac Insured Bonds that is mutually acceptable to the Oversight Board and Ambac, each in their respective sole discretion; provided, however, that any such alternative election or implementation option must be proposed, in writing, not later than twenty-one (21) days prior to the Ballot Date.

Ambac may make different elections, selecting among options (i) through (iv) above, with respect to different CUSIPs and different holders of Ambac Insured Bonds.

***If you fail to make a valid election or submit an election for less than all of your claims (in which case, such election will be void and of no force and effect), you will be deemed to have elected to commute the Ambac Insurance Policies, to release and discharge Ambac's obligations thereunder, and to receive distributions in accordance with the Ambac Commutation Treatment (Option 1).***

*You are encouraged to review the entire Disclosure Statement and the Plan before making an election with respect to the form of distribution you will receive under the Plan. The tax consequences described in the Disclosure Statement are not a substitute for careful tax planning and professional tax advice upon your individual circumstances and you should seek advice from your own tax advisor.*

**Please take notice that you are not able to vote to accept or reject the Plan and will not receive separate voting instructions for such purpose. Pursuant to the Plan and the Disclosure Statement Order, Ambac is entitled to vote to accept or reject the Plan on account of Claims arising from securities insured by Ambac.**

**IF YOU WISH TO RECEIVE THE AMBAC COMMUTATION TREATMENT (OPTION 1), YOU DO NOT NEED TO TAKE ANY FURTHER ACTION. HOWEVER, IN SUCH CASE, YOU WILL BE DEEMED TO HAVE ELECTED TO RELEASE, DISCHARGE,**

**AND COMMUTE AMBAC'S OBLIGATIONS AND THE AMBAC INSURANCE POLICY.**

**Each holder of Ambac Insured Bonds described on Exhibit A attached hereto that wishes to receive the Ambac Non-Commutation Treatment (Option 2) must submit a valid election in the manner described herein.**

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**How to Submit a Valid Election**

If you wish to elect to receive the Ambac Non-Commutation Treatment (Option 2), you must instruct your broker or nominee (each, a “**Nominee**”) to electronically deliver your Ambac Insured Bonds<sup>3</sup> via the Automated Tender Offer Program (“**ATOP**”) at The Depository Trust Company (“**DTC**”), which will constitute an election via DTC’s ATOP system to receive the Ambac Non-Commutation Treatment (Option 2).

No paperwork is required to be delivered to Prime Clerk to effectuate the election. The sole means of effectuating this election is to (i) validly tender your Ambac Insured Bonds into the proper ATOP envelope at DTC, and (ii) make the election to receive the Ambac Non-Commutation Treatment (Option 2), each as described on DTC’s ATOP system.

**THE ELECTION DEADLINE IS  
5:00 P.M. (ATLANTIC STANDARD TIME) ON OCTOBER 4, 2021.**

This date and time is referred to as the “**Election Deadline.**”

**PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR AMBAC INSURED BONDS THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR AMBAC INSURED BONDS FROM THE ELECTION DEADLINE UNTIL THE EFFECTIVE DATE OF THE PLAN. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR AMBAC INSURED BONDS PRIOR TO THE EFFECTIVE DATE, THEN YOU SHOULD NOT TENDER YOUR AMBAC INSURED BONDS THROUGH ATOP.**

**YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION DEADLINE AND WITHDRAW ANY TENDERED AMBAC INSURED BONDS.**

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<sup>3</sup> Holders making an election pursuant to Section 75.5 of the Plan with respect to such holders’ Allowed Vintage PBA Bond Claims (Ambac) shall be deemed to have made the same election with respect to such holders’ corresponding Allowed Vintage CW Guarantee Bond Claims (Ambac). For the avoidance of doubt, holders of Claims in Classes 3 and 25 shall make such election by tendering their Vintage PBA Bond(s).

### **How to Revoke an Election**

You may revoke an election to receive the Ambac Non-Commutation Treatment (Option 2) and withdraw your Ambac Insured Bonds tendered to through DTC's ATOP at any time on or before the Election Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your Ambac Insured Bonds via ATOP at DTC (which withdrawal will be confirmed by Prime Clerk LLC once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Prime Clerk LLC to effectuate the election.

If you revoke your election at any time before the Election Deadline, you may make an election to receive the Ambac Non-Commutation Treatment (Option 2) at any time before the Election Deadline, in accordance with the instructions to submit an election above.

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If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, PRIME CLERK LLC, BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOINFO@PRIMECLERK.COM AND REFERENCE "AMBAC DISTRIBUTION ELECTION" IN THE SUBJECT LINE. PLEASE NOTE THAT PRIME CLERK, LLC IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.**

All questions as to the validity, form and eligibility (including time of receipt) of your election will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and Ambac reserve the absolute right to reject any or all elections that are not in proper form or the acceptance of which would, in its legal counsel's opinion, be unlawful. The Oversight Board and Ambac also reserve the right to waive any defects, irregularities or conditions as to an election. A waiver of any defect or irregularity in one instance shall not constitute a waiver of the same or any other defect or irregularity with respect to any other instance except to the extent the Oversight Board may otherwise so provide. An election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, Ambac or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in this election, or will incur any liability to you for failure to give any such notification.

**Exhibit A**

Description	CUSIP